



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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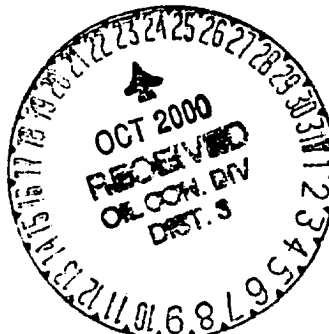
Oil Conservation Division

COMMINGLING ORDER PC-1017

1st Amendment

Dugan Production Corp.
P.O. Box 420
Farmington, New Mexico 87499-0420

Attention: Mr. John D. Roe



Lease: Big Field Wells No. 1 (API No. 30-045-22763) and 5 (API No. 30-045-30182)
(Federal Lease NM-10561)

Description: SE/4 of Section 10, Township 30 North, Range 14 West, NMPM, San Juan
County, New Mexico.

The above-named company is hereby authorized to commingle Basin-Dakota (Prorated Gas – 71599) and Harper Hill Fruitland Sand-Pictured Cliffs (Gas – 78160) Pool production from the above mentioned lease and to determine the production from each pool by well test. This method is authorized only so long as all commingled production is of marginal nature; further the operator shall notify the Santa Fe office of the Division in the event any well on the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate. All commingled production must be of identical ownership including working interest, royalty interest and overriding royalty interest. Condensate production will not be commingled.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled production shall be delivered to the CDP meter located in the NE/4 NE/4 of Section 15, Township 30 North, Range 14 West, NMPM, San Juan County, New Mexico.

FURTHER: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.